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DENMARK: AN OVERVIEW OF RECENT REGIONAL POLICY CHANGE - COUNTRY REPORT FOR EORPA 2008

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3.1 Introduction

Since 2002, Danish regional policy has witnessed a period of intense change. This contrasts sharply with the relatively constant picture presented during the 1990s when, after the termination of central government regional aid schemes in 1991, policies consisted of Structural Funds programmes and bottom-up initiatives, tempered by attempts by central government to introduce a greater degree of coordination. The pace of change picked up in earnest in 2003 and has revolved around four closely-related central government initiatives which, taken together, have profoundly transformed the organisational set-up for regional policy and have established a national governance framework for regional development strategies:

- A major reform of local government came into force on 1 January 2007, reducing the number of local authorities from 275 to 98 and the number of intermediate-level units from 14 *Amter* to five large regions.
- The 2005 Business Development Act (*Lov om erhvervsfremme*, L47 of 16 June 2005) gave the new regions statutory responsibility for economic development through statutory partnership bodies, *regional growth fora*. It positively defined six areas on which activities must focus rather than, as had hitherto been the case, negatively barring subnational actors from using financial subsidies to individual firms to promote economic development in their area.
- The new institutional set-up integrated local, regional, national and European economic development activities within a single, programme-based, policy structure. This is very different from practices in the 1990s when the policies of the different levels of government tended to operate in a much more segregated manner and often through separate organisational channels.
- The Globalisation Strategy of the Danish government introduced so-called partnerships agreements with individual regional growth fora. These attempt to increase coordination between current national policy concerns and economic development initiatives at the regional level.

The (predictably) late approval of the Danish Structural Funds programmes in Spring 2007¹ delayed a substantial part of the funding for regional development activities. As a result,

¹ Halkier, H. (2007). *Closing Down and Opening Up - Danish Structural Funds Programming Spring 2007*: Country report for Denmark for the meeting of IQ-Net, Sachsen-Anhalt 2007. Vaarst, KatPlan.

the current review, in effect, focuses on the first 12 months in which the new regional policy regime in Denmark has been operating.

3.2 The changing nature and perception of the regional problem

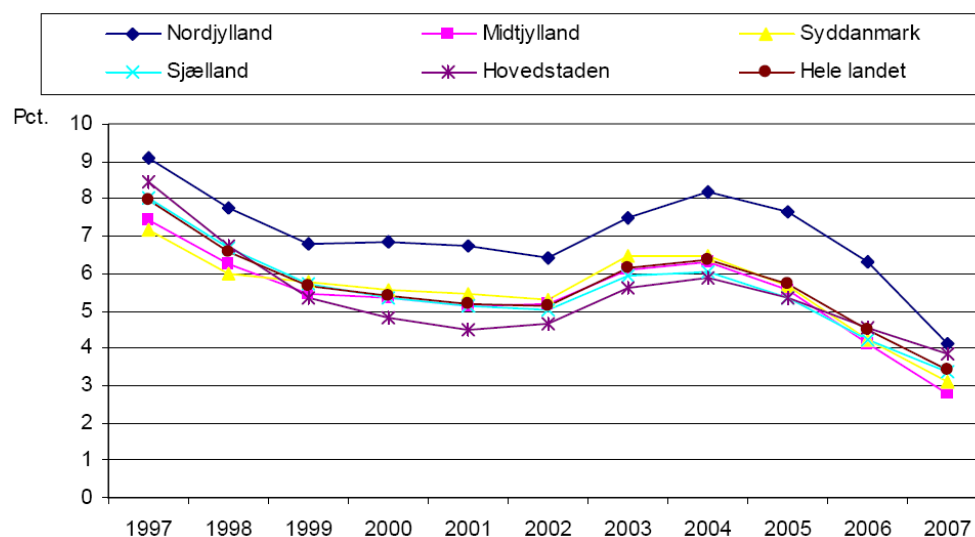
Differences in wealth between the capital city area and the rest of Denmark are relatively limited by international standards. As **Fejl! Henvisningskilde ikke fundet.** shows, no NUTS III region deviated by more than 13 percent from the national average in terms of productivity per employee in 2006. Similarly, as illustrated by **Figure Fejl! Ingen tekst med den anførte typografi i dokumentet..1**, unemployment levels do not vary significantly and, indeed, have become more uniform in recent years.

Table Fejl! Ingen tekst med den anførte typografi i dokumentet..1: Regional productivity per employee relative to the national average

Region	1996	2001	2006
Hovedstaden (Capital city region)	110.4	109.2	112.7
Sjælland (Zealand)	95.4	93.6	93.4
Syddanmark (South Denmark)	96.1	95.6	94.9
Midtjylland (Central Jutland)	93.7	95.9	91.8
Nordjylland (North Jutland)	94.1	94.4	94.6
Hele landet (Whole country)	100.0	100.0	100.0

Source: Økonomi- og Erhvervsministeriet. (2008). *Baggrundsrapport til regionalpolitisk vækstredøgørelse*. København: Økonomi- og Erhvervsministeriet, p 14.

Figure Fejl! Ingen tekst med den anførte typografi i dokumentet..1: Unemployment in percent of workforce



Source: Økonomi- og Erhvervsministeriet. (2008). *Baggrundsrapport til regionalpolitisk vækstredøgørelse*. København: Økonomi- og Erhvervsministeriet, p 7.

The perception of the regional problem has not changed since the publication of the last regional policy White Paper in 2003.² This can be seen in the most recent government report on regional development³ which highlights two broad concerns. On the one hand, it is seen to be important that each region maximises its contribution to national growth while, on the other, less well-off peripheral parts of the country are acknowledged to warrant special attention based on considerations of equity. This differs from the approach which dominated regional policy in Denmark in the period from the early 1990s up until the publication of the 2003 White Paper; during that phase, the dominant concern was to ensure equal growth opportunities in every region.

The dual perception of the regional problem is institutionalised in the 2005 Business Development Act. This defines the purpose of regional policy in terms of six priority areas: innovation, ICT, entrepreneurship, human resources, tourism, and the development of peripheral areas. The first four have been derived from the 'growth drivers' identified by OECD and form the basis of the synthetic regional competitiveness model used in the annual government report on regional issues.⁴ The addition of the last two priority areas reflects political concerns about the persistent underperformance of peripheral areas, characterised by population decline and limited economic development.

The possible reasons for the increased emphasis on peripheral areas in a strategy otherwise oriented towards maximising national growth are several. Electoral politics may have played a role for the Prime Minister's Liberal Party and the government's supporters in the right-wing populist Progress Party. However, the most important inspiration may well have been a long-term attempt to create greater policy flexibility by replacing the traditional Structural-Funds-style micro-zoning with a less rigid national regime which still favours the worst-off areas in funding terms (see Section 3.3.3). Although both demographic challenges and environmental sustainability have, unsurprisingly, informed the policy response to a certain degree, it is difficult to view such aspects as key drivers of policy change. Finally, globalisation and the Lisbon agenda in particular could be said to have informed the new approach in terms of the general policy response. On the other hand, since they are in line with the competitiveness-oriented policies of the 1990s, recent changes would seem to have more to do with devising new and more efficient answers to long-standing challenges in the form of an integrated regionalised policy response. This is discussed further below.

² Regeringen (2003) *Den regionale vækststrategi*, København: Økonomi- og erhvervsministeriet; English version www.oem.dk/publication/growth/strategy.pdf.

³ Økonomi- og Erhvervsministeriet. (2008). *Regionalpolitisk vækstredøgørelse af 2.4.08*. København: Økonomi- og Erhvervsministeriet.

⁴ See Indenrigs- og Sundhedsministeriet (2007). *Regionalpolitisk Redegørelse 2007*. København, Indenrigs- og Sundhedsministeriet.

3.3 The changing policy response

3.3.1 The degree of policy change

The last twelve months have not seen any major changes in the general strategic orientation of policy but have, instead, marked the beginning of effective policy implementation under the new approach. In order to put this into a longer time perspective, it is worth contrasting recent developments with the previous paradigm in order to appreciate the novelty of the new approach.

3.3.2 Changing policy objectives

The 2003 White Paper marked an important strategic turning point in that it defined the aim of central government with regard to regional development as maintaining Denmark's "*leading position within Europe as one of the countries with the smallest differences between regions*" through "*specific initiatives ... that target peripheral areas so that they are not cut off from the growth occurring in other parts of the country*".⁵ Compared to the strategies of the 1990s, which emphasised regional policy as a means to increase regional - and hence national - efficiency,⁶ the importance of interregional equality as a goal in its own right was clearly highlighted by the White Paper. However, in the context of the 2005 Business Development Act, this stress on equity coexists with a growth-oriented agenda which focuses on the role of the new regions in promoting economic development.

3.3.3 Changes in the spatial orientation of policy

The spatial orientation of Danish regional policy changed in two ways with the introduction of the new approach which came into operation at the start of 2007, becoming both geographically comprehensive and selective at the same time.

Regional policy has become spatially comprehensive in that each of the five new regions is statutorily obligated to establish one (or more) regional growth fora, each having the task of monitoring and furthering economic development in its region. This contrasts sharply with the voluntary character of regional-level initiatives under the 'old regime' where regions could decide whether they would engage in such activities or not, resulting in a geographically uneven pattern across the country.

At the same time, it is interesting to note that, following the 2005 Business Development Act, the government report on regional growth in May 2006 formalised the role of spatial selectivity in Danish regional policy. Although regional aid areas have continued to be designated since the termination of regional aid schemes in 1991,⁷ the only significant spatially-selective policies have been the various Structural Funds programmes; it was only

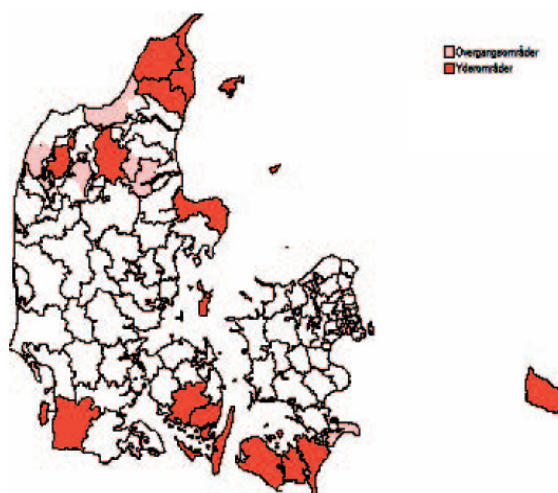
⁵ Regeringen. (2003). *Den regionale vækststrategi*. København: Regeringen.

⁶ Halkier, Henrik (2001) Regional Policy in Transition - A Multi-level Governance Perspective on the Case of Denmark, *European Planning Studies* 9(3): 323-38.

⁷ Halkier, Henrik (2001) Regional Policy in Transition - A Multi-level Governance Perspective on the Case of Denmark, *European Planning Studies* 9 (3): 323-38.

from 2003 onwards that very minor initiatives targeting the most disadvantaged areas were put in place.⁸ The May 2006 report announced the designation of *yderområder*, peripheral (or literally 'outer') areas that would benefit from targeted support from various programmes, national as well as regional and European. The designation was the result of an extensive inter-departmental exercise which resulted in a map based on localities meeting just two criteria: namely that work- and business-related income is less than 90 percent of the national average; and that population growth is less than 50 percent of the national average. The final result is the map shown in **Figure Fejl! Ingen tekst med den anførte typografi i dokumentet..2**.⁹

Figure Fejl! Ingen tekst med den anførte typografi i dokumentet..2: Peripheral and transitional areas as of 2006.



Source: Indenrigs- og Sundhedsministeriet (2007), Regionalpolitisk redegørelse 2007 - Analyser og baggrund. København, Indenrigs- og Sundhedsministeriet.

Although the new Danish Objective 2 programme will cover the entire country, some degree of spatial selectivity is being maintained by making the new programme an integrated part of national regional policy. This is because it has been decided that at least 35 percent of expenditure on regional development projects should be to the benefit of the designated peripheral areas in which only around 10 percent of the Danish population lives.

⁸ Halkier, H. (2007). *Denmark: An Overview of Recent Policy Change*. Vaarst: KatPlan.

⁹ The territorial unit for designation is the new (greatly enlarged) local district. However, in order to take into account the integration into wealthy districts of relatively weak areas, a number of 'old districts' have been designated as 'transitional areas'. In addition to this, all small inhabited islands have been designated.

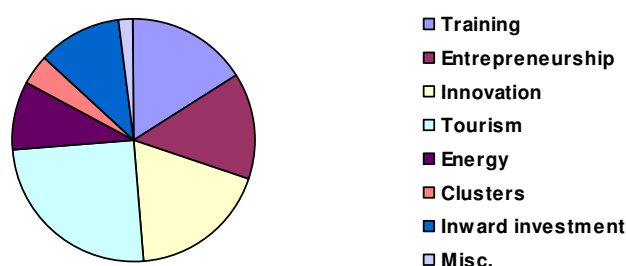
While this new comprehensive-and-selective spatial approach can be said to have been enabled by the new Structural Funds regulations, it has not been influenced by the new European regional aid maps; this is reflected in the fact that the new Danish Structural Funds programme has not been notified for regional aid purposes.¹⁰ Moreover, in terms of policy instruments, the only areas in which direct investment subsidies to individual firms may be used are small islands with no bridge to the mainland. In effect, this institutes a second tier of micro-zoning as a sub-group of the designated peripheral areas.

3.3.4 Changing policy instruments

Neither the organisational changes which have been made nor the new form of spatial selectivity seem likely to alter the existing emphasis with regard to policy instruments and development strategies. The powers specifically granted to the new fora by the 2005 Business Development Act concern the six priority areas mentioned above - innovation, ICT, entrepreneurship, human resources, tourism, and peripheral areas. No powers to provide direct financial aid to individual firms have been instituted. This means that, in broad terms, the policy instruments available to the new fora are very similar to the former regional development measures initiated 'from below'.

The first year in which all six new regional growth fora were fully functioning was 2007.¹¹ Two trends are in evidence: one concerns the wide variety of initiatives introduced; the other relates to the variable prominence of such measures between regions.

Figure Fejl! Ingen tekst med den anførte typografi i dokumentet..3: Distribution by theme of projects supported by regional growth fora.



Source: Økonomi- og Erhvervsministeriet. (2008). *Regionalpolitisk vækstreddegørelse af 2.4.08*. København: Økonomi- og Erhvervsministeriet, p 9.

Formateret: Dansk

¹⁰ Halkier, H. (2008). *Building Up Speed*. IQ-Net Silesia 2008 Review Paper, County Report for Denmark. Vaarst: KatPlan.

¹¹ The North Jutland Growth Fora was the only one given some spending powers while it still had provisional status. No provisional Forum was established for the Copenhagen metropolitan region. See Halkier, H. (2007). *Denmark: An Overview of Recent Policy Change*. Vaarst: KatPlan.

As illustrated by **Figure Fejl! Ingen tekst med den anførte typografi i dokumentet..3**, a wide range of issues have been supported by the regional growth fora. However, the extent to which this represents a shift in focus is difficult to determine, as similar data are not available for the years before local government reform. What is clear is that the profile of the projects supported varies greatly between regions: for instance, Copenhagen's portfolio has been dominated by the attraction of tourist and inward investment, while Central and North Jutland have focussed on stimulating entrepreneurship. Cluster policies, energy and training have been the key areas of interest in South Denmark, Zealand and Bornholm respectively. This pattern supports the rationale for *regional* delivery of economic development policies - namely that initiatives should mirror region-specific challenges and priorities.

In terms of policy instruments, the vast majority of projects supported by the regional growth fora take the form of 'framework measures' in support of the business environment. Direct financial subsidies to individual firms can only be used in what must be viewed as the Danish ultra-periphery - small no-bridge islands - while an additional tax rebate for long-distance commuters from peripheral areas remains a marginal measure. Instead, and fully in line with practice since the abolition of regional grants in 1991, the backbone of regional development activities in Denmark are various types of business advisory service of a more or less specialised nature. Following local government reform and the 2005 Business Development Act, basic support activities have become the responsibility of local government. In theory, this allows the regional tier to concentrate on more specialised development activities, though the new and larger local authorities may also venture into this more demanding area of business support. In practice, however, the existing multi-tier sponsored *Regional Business Centres* have largely transmuted into *Regional Growth Houses*, albeit with a stronger emphasis on small and new firms "with ambitions to grow".¹² As a result, at least for the time being, the division of labour between the regional and local tiers with regard to implementation of economic development activities seems not to have been significantly altered in the wake of local government reform.

The focus on using policy instruments of a non-financial nature does not imply that the question of state aid has become irrelevant. On the contrary, it has, if anything, become more complicated, relating to the provision of, for instance, advisory services or network arrangements. Because the Danish Structural Funds programmes have not been notified,¹³ the same state aid rules apply throughout the country for all regional development projects no matter how they are financed. The body responsible for implementing regional policy, the NAEK (National Agency for Enterprise and Construction), has the task of ensuring that projects with European funding fall within the state aid rules; this responsibility lies with the Danish Competition Agency for projects in receipt of national funding only.

¹² See <http://www.ebst.dk/eservice>.

¹³ Halkier, H. (2008). *Building Up Speed*. IQ-Net Silesia 2008 Review Paper, County Report for Denmark. Vaarst: KatPlan.

3.3.5 Changing policy budgets and expenditure

A premise in the political process leading up to local government reform was that the aggregate level of expenditure on regional economic development should remain broadly the same, i.e. around €130 million annually. In 2007 this target has been reached, as the sum of central government, regional, local, private and European funding involved in projects supported by the regional growth fora amounted to €128 million.¹⁴

3.4 Changing regional policy administration and delivery systems

3.4.1 Changes to delivery systems

No major changes have occurred in the institutional set-up surrounding regional policy in Denmark over the last twelve months; however, since the organisational changes that have taken place in recent years have been very wide-ranging, they are worth recapitulating briefly below.

The 2005 Business Development Act stipulates that each of the five new regions must establish one (or more) regional growth fora. These are partnership bodies in the traditional Structural Funds mould, which provide input to the elected regional councils with regard to development measures. Interestingly, the new Business Development Act instituted a dual-key control situation where the elected council and the partnership fora can veto each other's initiatives. This was unlike the previous situation where the elected council invariably had the final say. On the other hand, regional-level economic development has generally been a very consensual area of policy in Denmark. Consequently, the new distribution of roles may well have had more to do with political symbolism than with bringing about strategic change through institutional engineering.

The six regional growth fora¹⁵ have been in operation since April 2006 (after having been preceded by temporary fora except in Copenhagen) and their roles have been shaped by the 2005 Business Development Act. At the political level, the fora consist of persons proposed by local and regional government - i.e. the new districts and regions - as well as private sector organisations and knowledge institutions. Following the reallocation of staff between the old and the new public authorities, the administrative support for the growth fora is now firmly integrated into the new regional administrations, despite reporting to the regional growth fora partnership bodies rather than the democratically-elected regional councils. The main roles of the fora are defined as follows:¹⁶

- To keep track of developments in their area; this is done through a data collection system and a regional development model developed jointly between central government and the growth fora.

¹⁴ Økonomi- og Erhvervsministeriet. (2008). *Regionalpolitisk vækstredogørelse af 2.4.08*. København: Økonomi- og Erhvervsministeriet, p 9.

¹⁵ One for each region but two for the capital city region - one dealing with the metropolitan area and the other with the island of Bornholm.

¹⁶ L47 of 16 June 2005.

- To initiate new activities through funding from both local and central government; however, it is important to note that the new fora are statutorily prohibited from implementing programmes directly.
- Subsequently, new primary and secondary legislation¹⁷ has given the new fora a key role in the administration of the Structural Funds in Denmark, thereby increasing the resources at their disposal and the scope for coordination between regional development activities sponsored by different tiers of government.

Moreover, the goal of operating place-sensitive, joined-up policies within a partnership-based, multi-level governance framework may prove to be achievable, especially if central government remains flexible with regard to its oversight of the new system, and - perhaps even more important - if local authorities do not engage in parochial short-term territorial politics in order to secure 'their' share of development activities.

How did this thorough make-over of Danish regional policy become part of local government reform? Two basic elements - the regionalisation of business development support activities and the use of partnership as the key organisational principle - will be illuminated in what follows, using documentary sources and research interviews undertaken by the author with key administrators involved in the reform process.¹⁸

Unsurprisingly, the official reasoning behind the solution adopted involves well-rehearsed arguments about the virtues of bottom-up regional policy. However, a quest for policy effectiveness and efficiency does not necessarily lead to the emergence of business development as an inclusive regional task organised along partnership lines. From the outset, the technocratic *Strukturkommission* (Commission on Administrative Structures), which had been established to analyse the need and options for local government reform prior to the party-political process, only considered business development briefly on the grounds that it was not a statutory task of subnational government. The analysis of the Commission largely reiterated the need for improved horizontal and vertical coordination, much in line with central government initiatives from the 1990s onwards.¹⁹ As a result, the subsequent inclusion of regional policy in the negotiation process is likely to have been based on other types of political reasoning. It is interesting to note that interviewees across government departments and agencies generally agree that the elevation of regional policy to a statutory task at the regional level was greatly facilitated by party-political considerations within the governing coalition: given that the Conservatives had been sceptical about maintaining an intermediate tier of government in a small country like

¹⁷ L1599 of 20 December 2006; Økonomi- og Erhvervsministeriet (2007). *Bekendtgørelse om henlæggelse af beføjelser til Erhvervs- og Byggestyrelsen efter lov om administration af tilskud fra Den Europæiske Regionalfond og Den Europæiske Socialfond*, 17.1.07. København, Økonomi- og Erhvervsministeriet.

¹⁸ For an extended version of this argument, see Halkier, H. (2008). Regional Development Policies and Structural Reform in Denmark. From Policy Segmentation towards Strategic Synergy? In O. Bukve, P. d. Souza & H. Halkier (Eds.), *New Nordic Regionalism*, Aalborg: Aalborg University Press.

¹⁹ Strukturkommissionen. (2004). *Strukturkommissionens betænkning*. København: Indenrigs- og Sundhedsministeriet.

Denmark, the basic aim of government negotiators had been to make the new regions as slim as possible (responsible for health plus a few more functions). In this context, business development fitted the bill as a small policy area in terms of money and staff that was likely to appeal to the centre-left opposition parties.

Likewise the centrality of the partnership principle and its translation into a blueprint for regional growth fora was not part of the technocratic preparations for reform and only emerged in the ensuing government proposal which formed the starting point for party-political negotiations.²⁰ In terms of administrative rationalisation, an obvious reason for this was to create an organisational platform that could live up to Structural Funds regulations and thus integrate both European policy programmes and mushrooming subnational activities, but more pragmatic political reasoning is also quoted as having played a role. Apart from securing the presence of relevant competences in the decision-making process as a supplement to the mainly health-oriented members of the new Regional Councils, a partnership approach also had the political advantage of bringing on board other actors with vested interests in this policy area such as local authorities and private sector representatives. In so doing, it increased the general legitimacy of regional business development policies and made the activity more ideologically palatable for the centre-right governing coalition.

All in all, a new institutional set-up for spatial economic policy became part of local government reform, not only because of its potential merits from a regional development perspective, but also because it was useful for key actors for political reasons, party-political or otherwise. From the outset, the new set-up was therefore also vested with political expectations and uncertainties which the regional growth fora had to take into account:

- With the prominence of regional policy having been created as a bargaining chip in order to generate political support for local government reform - the centre-left parties opposed the slimming down of the intermediate tiers - the long-term commitment of the centre-right coalition was open for doubt.
- The prominence of the partnership principle at the regional level appears to have been largely the making of the Ministry of Economic and Business Affairs; however, it could also be seen as a way of circumventing elected government by further weakening the regional government level without strengthening the role of local authorities, and hence potentially alienating both the subnational tiers of government.

In short, party politics and interorganisational positioning seem to have played an important part in making regional development a prominent item on the local government reform agenda. These concerns were unlikely to disappear once the new the new regional growth fora came into operation.

²⁰ Regeringen (2004). *Det nye Danmark - En enkel offentlig sektor tæt på borgeren*. København: Regeringen.

3.4.2 Coordination changes - Agreements, contacts, committees

The new set-up has increased coordination along three lines. First, horizontal coordination has been enhanced. At the national and sub-national levels, Structural Funds programming has become integrated in national activities because the same statutory bodies, the regional growth fora, are in charge of recommending or deciding project support and thus effectively use European funding as one source of finance among others. Second, vertical coordination between the regional and local levels has increased through the role of local authorities as prominent supporters of regional development measures (as funders and also, to some extent, as implementers). Third, vertical coordination between the national and regional levels has increased, not just through legislative regulation but also via the subsequent institution of so-called partnership agreements between central government and each of the six regional growth fora.²¹ These documents, the first versions of which were signed in early summer 2007 and which cover the period 2007-09, entail both a general political commitment to shared goals and specific undertakings that the two sides will attempt to progress. The official purpose of the political commitments is to secure compatibility between the globalisation strategy of central government and regional strategies for economic development. However, an important though much more low-key and mundane implication of the partnership agreements is that they create a degree of commitment to regional development activities by departments of central government other than the Ministry of Economic and Business Affairs

3.4.3 Other developments: Ensuring efficiency

Standardised collection of data on regional economic performance should allow the regional growth fora to base their policies on up-to-date analyses of regional development trends, while facilitating evaluation within and across regions with regard to both policy programmes and individual projects. Moreover, within the new set-up, Danish regional policy is tied to national targets with regard to training, entrepreneurship, innovation, and R&D. For each of these areas, the performance of every region is measured. However, as no individual regional targets have been defined, the consequences of persistent underperformance are unclear.

As yet, no official evaluation of the new approach to regional policy has been scheduled, although the NAEC has sponsored a three-year PhD scholarship at the University of Aalborg which will focus on organisational aspects of the operation of the new institutional set-up.

²¹ Regeringen / Bornholms Vækstforum (2007). *Regional partnerskabsaftale om vækst og erhvervsudvikling*. København, Regeringen / Bornholms Vækstforum; Regeringen / Vækstforum for Region Hovedstaden (2007). *Regional partnerskabsaftale om vækst og erhvervsudvikling*. København, Regeringen / Vækstforum for Region Hovedstaden; Regeringen / Vækstforum for Region Midtjylland (2007). *Regional partnerskabsaftale om vækst og erhvervsudvikling*. København, Regeringen / Vækstforum for Region Midtjylland; Regeringen / Vækstforum for Region Nordjylland (2007). *Regional partnerskabsaftale om vækst og erhvervsudvikling*. København, Regeringen / Vækstforum for Region Nordjylland; Regeringen / Vækstforum for Region Syddanmark (2007). *Regional partnerskabsaftale om vækst og erhvervsudvikling*. København, Regeringen / Vækstforum for Region Syddanmark; Regeringen / Vækstforum Sjælland (2007). *Regional partnerskabsaftale om vækst og erhvervsudvikling*. København, Regeringen / Vækstforum Sjælland.

Funding is allocated to the six regional growth fora on the basis of a synthetic index. Criteria oriented towards 'special needs' account for 60 percent in the index, while the remaining 40 percent spreads funds evenly across the country on a per capita basis. There is, in addition, an element of inter-regional competition in that, before funds are distributed between the regions, 10 percent is set aside for competitive allocation in order to encourage innovative and inter-regional projects which are allocated according to thematic calls for projects from the Danish Growth Council.

3.4.4 Other developments: Anchoring accountability

The new institutional set-up would appear to involve a clear separation between, on the one hand, policy design (undertaken by the regional growth fora) and, on the other hand, policy delivery (undertaken by arm's-length bodies often established by groups of local authorities). In practice, however, the division of labour has proved to be less clear-cut, with regional preferences influencing implementation structures and implementing bodies participating in strategy development.

The new fora include a sizeable number of elected politicians who have been elected to either the regional council or local authority and then appointed to the regional growth fora. As a result, the democratic accountability of the regional growth fora is of an indirect nature.

3.5 Conclusions

The new phase of Danish regional policy has begun in earnest during the last 12 months. Although some initial difficulties have been encountered - e.g. in the form of clashes between private and public sector organisational cultures when mayors and CEOs participate in regional growth fora meetings - preliminary indications would seem to suggest that, over the medium-term:

- there will be relative stability in strategic terms since no major changes are in the pipeline in terms of development strategies; and that
- greater differences are likely to emerge between regions through the new programme-based approach.

In terms of policy substance, such developments are clearly in line with the official rationale for the new set-up. Consequently, the main issues in the coming years are likely to be of an organisational and institutional nature, i.e.

- establishing effective working relationships between the very different partners that make up the regional growth fora;
- ensuring coordination between local and regional actors in implementation; and
- increasing coordination between central government departments with regard to activities of relevance for regional economic development

Notwithstanding this, Danish regional policy has undergone a remarkable transformation, possibly comparable to the radical decision in the early 1990s to terminate rather than just reduce traditional financial subsidies to individual firms. Multi-level partnerships, with particular consideration given to areas of special need, are now the *modus operandi* of regional policy throughout the country. This approach is fundamentally different from both the spatially-selective traditional national and European programmes and, indeed, from the uncoordinated mushrooming of bottom-up initiatives. How different it will be in practice - and especially from the perspective of the firms and organisations targeted by this new-model regional policy - can only be gauged after going through several cycles of planning and implementation.